City of Missoula, Montana
City Council Committee Agenda Item

Committee:	**Land Use and Planning**
Item:	**Referral – Recommend Approval of Legal Documents for Midtown Commons Project**
Date:	May 13, 2026
Sponsor(s):	**Mayor Andrea Davis**
Department or function:	**Office of the Mayor**
Prepared by:	Annette Marchesseault, Sr. Redevelopment Project Manager

Ward(s) Affected:

☐ Ward 1	☒ Ward 4
☐ Ward 2	☐ Ward 5
☐ Ward 3	☐ Ward 6
☐ All Wards	☐ N/A

Action Required:
Mayor Davis is requesting that City Council: 1) approve the Real Property Purchase and Sale Agreement between the City and Miramonte Companies LLC for the Midtown Commons Property Purchase (formerly known as Southgate Crossing); 2) approve the Real Property Purchase and Sale Agreement between the City and Miramonte Companies, LLC for the Tollefson Property Purchase; and 3) approve the Development Agreement for the Midtown Commons Project between Miramonte Companies LLC, the City, and the Missoula Redevelopment Agency. A two-thirds majority vote by Councilors will be require to approve sale of City property.

Recommended Motion(s):
I move the City Council: 1) Approve the Real Property Purchase and Sale Agreement between the City and Miramonte Companies LLC for the Midtown Commons Property Purchase for a property know as Midtown Commons (formerly known as Southgate Crossing); 2) Approve the Real Property Purchase and Sale Agreement between the City and Miramonte Companies, LLC for the Tollefson Property Purchase, and 3) Approve the Development Agreement for the Midtown Commons Project between Miramonte Companies LLC, the City, and the Missoula Redevelopment Agency.

Timeline:

Committee discussion:	May 13, 2026
Council action (or sets hearing):	May 18, 2026
Public Hearing (if required):	NA
Deadline:	May 18, 2026

Background and Alternatives Explored:

Introduction

The property being referred to as Midtown Commons property (formerly Southgate Crossing) was purchased by the City in December 2024 using tax increment financing (TIF) funds, with the express intent

to assemble miscellaneous parcels then under separate ownership for redevelopment. The goal was to consolidate parcels with multiple owners and significant redevelopment challenges and find a developer that could deliver a mixed-use development incorporating housing, commercial, a new public park, and important transportation and greenway connections. (See Exhibit 1)

Subsequent to purchasing the Midtown Commons property, the owner of an adjacent property being referred to as the Mary Avenue property (aka Tollefson property) offered to sell his 2.3-acre parcel to the City. If City Council approves the purchase, the intention is to do a simultaneous closing in which the City purchase would be followed by an immediate sale to the developer.

This request represents the culmination of 18 months of work to find a suitable developer and proposed project master plan. This project also represents a great return on community benefit for the amount of public investment. Under these agreements, the developer agrees to acquire the land for the same price the City paid, agrees to contribute the parkland back to the City, and partners to pay for approximately 50 percent of the infrastructure.

History & Background

The vacant property now known as Midtown Commons is located south of Southgate Mall. Between the mid-1950s and mid-1970s a sawmill was located on the northern part of the property. An irrigation ditch traversing the property was rerouted to accommodate sawmill activities. When the sawmill was closed and dismantled in 1976, the site was left vacant. It has never been redeveloped despite several planning efforts.

There has been a series of plans developed over the last 20+ years including this area beginning with the Urban Renewal District III (URD III) Plan in 2000 and culminating with the Missoula Midtown Master Plan adopted in 2023. The URD III Plan, adopted when the district was created, identified blighting influences such as the transportation system's lack of connectivity, the lack of parks and public spaces, the need for a variety of housing types, and the existence of vacant and underutilized land. It also acknowledged that City acquisition of the property could be a necessary tool for effectively addressing blight in the district.

Shortly after URD III was created MRA engaged the Urban land Institute (ULI) to provide a more in-depth analysis of challenges and opportunities in the newly created district. "This is where the panel believes that the most intense development in Midtown Missoula should occur," the authors of that report wrote about this property. They envisioned mixed-use development with significantly improved connectivity. Over the next 20+ years a series of other plans recognized the property as a major opportunity if the land could be assembled into a comprehensive redevelopment, but none progressed beyond the conceptual stage.

The most recent and comprehensive planning effort to encompass the project area, the Midtown Master Plan, identified Midtown Commons as a transition area between Midtown Junction (the area adjacent to the Brooks, South, Russell intersection) and primarily residential areas to the east and west, envisioning a wide mix of uses, including residential, office, retail, manufacturing and restaurants along with street and trail connections and new park space.

One long-standing, significant challenge to redevelopment has been varied ownership. The land was subdivided into multiple parcels with platted streets and alleys, with multiple owners controlling the private property. When one of the private property owners made it clear in 2023 that they intended to sell their land, the City engaged the Missoula Economic Partnership (MEP) to bring the two remaining property owners to the table and negotiate a satisfactory deal for the City to purchase the entire property. Under City ownership, the City could partner with a compatible developer to achieve the multiple community goals that had been envisioned for 20+ years.

City Land Purchases and Developer Selection

Informed by this long history of planning, and with an opportunity to finally unlock the development potential of the vacant Midtown Commons property, MRA and the City, as outlined below, have moved decisively to: 1) complete acquisition of key properties; 2) lay the groundwork for acquisition of a final relevant property; and 3) negotiate a plan to sell the properties and redevelop them to provide critical public benefits such as housing, transportation connectivity, and a new public park.

Property Purchase #1 – Midtown Commons (aka Southgate Crossing): At its October 31, 2024, meeting the MRA Board approved using $5.9 million (rounded) of TIF funds to purchase the 9.06 acres of private land at Midtown Commons. This property was crossed by a little over 4 acres of publicly owned right-of-way, so the purchase would give the City control over 13.2 contiguous acres of developable land in a key infill location in Midtown. At its November 18, 2024, meeting City Council authorized the Mayor to sign documents to purchase the property. The City took ownership on December 13, 2024.

Property Purchase #2 – Mary Avenue Property: In late Summer 2025 Tollefson Properties LLC, the owner of a 2.3-acre parcel of property adjacent to the northwest corner of Midtown Commons, offered to sell the parcel to the City for $1.3 million. A subsequent appraisal of the land values it at $1.8 million. At its September 18, 2025, meeting the MRA Board approved using up to $50,000 of TIF funds to conduct due diligence and $1.3 million of TIF funds to purchase the property, pending City Council approval. Resolving issues related to some redevelopment restrictions held by former owners extended the due diligence period much longer than expected and, as a result, the property purchase request is only now being submitted to City Council. The covenants issue was finally resolved last month. Staff is recommending a simultaneous City purchase and sale to the developer.

Developer Selection – Upon acquiring the Midtown Commons property, the City engaged MEP to solicit development proposals. MEP prepared a detailed site brief that included community goals, planning history, project expectations, and available development tools, all of which was informed by public feedback gathered during the Midtown Master Planning process, and the Our Missoula 2045 Land Use Plan and Code Reform community engagement process. MEP vetted an extensive roster of interested developers and provided the City with a short list of qualified developers and facilitated interviews. Miramonte Companies LLC (Miramonte) submitted the development proposal that most closely aligned with the City's goals. On June 30, 2025, the City signed an Exclusive Negotiation Agreement (ENA) with Miramonte and began negotiating details.

Public Engagement – Multiple public engagement efforts as described above informed development goals for this area over the past 20+ years, with the most recent being the Midtown Master Plan adopted in 2023, which had public engagement at the forefront. MEP drafted its developer solicitation brief around the Master Plan's vision for this area.

When the ENA was in place with Miramonte the City introduced the development team and project concepts to the community at a public open house on October 22, 2025. Two Engage Missoula pages, one for the overall development and one for the design of the public park, were established to provide project information and to solicit public input. Additionally, the Department of Parks and Recreation (Parks) conducted a series of public workshops and surveys to ensure that the neighborhood could actively participate in the design of its park.

Public Benefit

The Midtown Commons project is an infill development that will provide 225-250 units of new housing in a key location with nearby utility and transportation system connections, existing services, employment, and commercial offerings. The mix of housing types will include townhouses, condominiums, multi-family apartments and single-family homes. Some new commercial and office spaces are also tentatively included, further strengthening the area's economic base and employment opportunities.

The new development will provide critical street and sidewalk connections that have been recommended for more than 20 years, most notably the north/south connection of Johnson Street between South Avenue and Dixon Avenue and ultimately to Brooks Street. New trail connections to the Bitterroot Trail will open up safe and convenient pedestrian and bicycle routes for current and new neighborhood residents.

A new complete public park will provide recreational amenities in a location recommended both in the Midtown Master Plan and the City's Parks Recreation Open Space and Trails (PROST) plan.

The City will be investing approximately $5.9 million to achieve an approximately $100 million development. Land that has been vacant and providing nominal tax revenue for more than 50 years will yield significantly more tax revenue, in addition to providing much needed housing and resolving urban design challenges.

Proposed Next Steps – City Land Sale and Development Agreement

Staff is now requesting that City Council give the necessary approvals to take the next steps in the redevelopment of Midtown Commons.

Property Sale to the Developer – The City is proposing to sell both the Midtown Commons property and the Mary Avenue property to Miramonte for $7.2 million, the same price the City paid. (Midtown Commons – $5.9 million; Mary Avenue Property – $1.3 million). As described above, staff requests that City Council approve a simultaneous purchase and sale of the Mary Avenue property along with authorization of the sale of the Midtown Commons property.

Development Agreement – Miramonte will complete design and construction of the Midtown Commons Project and public infrastructure improvements consistent with the master plan. (See Exhibit 2) The development includes 225-250 new housing units in a mix of townhouses, for-sale condominiums, multi-family rental apartments, and single-family homes, four commercial buildings, new streets and sidewalks, a 1.6-acre public park, and pedestrian and bicycle connections to the Bitterroot Trail. Construction is expected to be completed in five phases over approximately seven years. The first phase would begin this summer. The entire development cost is estimated at approximately $100 million.

TIF Reimbursement for Public Infrastructure Improvements

The MRA Board is being asked to approve TIF funding to reimburse Miramonte for the public infrastructure improvements, in accordance with the URD III Plan which includes streets, sidewalks, boulevard landscaping, utilities, the public park, and the trail connections. The total public infrastructure cost is estimated at approximately $10.9 million ($2.5 million for the park and $8.4 million for the remainder). Construction is expected begin this summer with the initial reimbursement request being submitted in early FY27.

Developer Infrastructure Cost-Sharing Payment

In recognition of the City's contribution to the project Miramonte has agreed to provide the City a $5 million infrastructure cost-sharing payment, which will be paid in installments in connection with the sales of the residential units.

Financial Implications: Total City investment is expected to be approximately $5.9 million of tax increment (TIF) funds.

Following is a synopsis of the Financial Implications:

City Cost (TIF) for Land Purchase		
Midtown Commons (aka Southgate Crossing) Property	($5,900,000)	
Mary Avenue Property	($1,300,000)	
	($7,200,000)	
City Cost (TIF) for Public Infrastructure Improvements		
Streets, sidewalks, utilities boulevard landscaping, etc.	($8,400,000)	estimated
Public Park	($2,500,000)	estimated
	($10,900,000)	estimated
City Revenue from Developer		
Land Payment	$7,200,000	
Developer Infrastructure Cost Sharing	$5,000,000	
	$12,200,000	
Total City (TIF) Cost		
Cost for Land Purchase	($7,200,000)	
Cost for Public Infrastructure Improvements	($10,900,000)	
Revenue from Developer	$12,200,000	
	($5,900,000)	estimated
Total Private Development Cost	($94,100,000)	estimated

Links to external websites: Urban Renewal District III | Missoula, MT - Official Website; Agendas & Minutes | Missoula, MT - Official Website